



# Standing Committee on Finance and Economic Affairs

Interim Report  
Pre-Budget Consultation 1992

Principal Transfer Recipients:  
**Municipalities**  
**Universities/Colleges**  
**Schools**  
**Hospitals**



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1st Session 35th Parliament  
40 Elizabeth II





Ontario

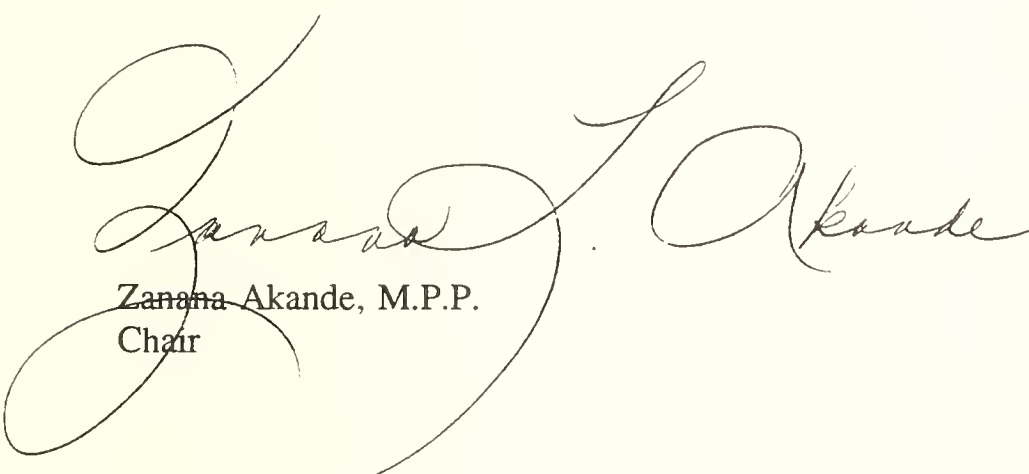
LEGISLATIVE ASSEMBLY  
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TORONTO, ONTARIO  
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The Honourable David Warner, M.P.P.  
Speaker of the Legislative Assembly

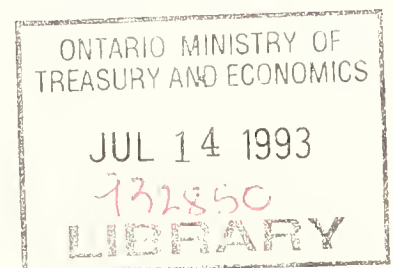
Sir,

Your Standing Committee on Finance and Economic Affairs has the honour to present its Interim Report, Pre-Budget Consultation 1992 and commends it to the House.



Zanana Akande, M.P.P.  
Chair

Queen's Park  
January, 1992



### Canadian Cataloguing in Publication Data

Ontario. Legislative Assembly. Standing Committee on Finance and Economic Affairs.  
Interim report, pre-budget consultation, 1992

Text in English and French with French text on inverted pages.

Title on added t.p.: Rapport provisoire, consultations prébudgétaires, 1992.

ISBN 0-7729-9292-4

1. Budget--Ontario. 2. Finance, Public--Ontario. 3. Fiscal policy--Ontario. 4. Ontario-  
-Economic policy. I. Ontario. Legislative Assembly. Standing Committee on Finance  
and Economic Affairs. Pre-budget consultation. II. Title. III. Title: Rapport provisoire,  
consultations prébudgétaires, 1992.

HJ2056.O5O57 1992

354.7130072'223

C92-092511-1E

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## PREFACE

For the last five years the Standing Committee on Finance and Economic Affairs has held pre-budget consultations with the public in January and February of each year in order to provide input to the Treasurer on Ontario's upcoming budget. However, the budgetary transfers to the MUSH sector (municipalities, universities, colleges, schools and hospitals) are announced several months in advance of the budget; these transfers represent over 30% of the government's expenditures. Bearing this in mind, the Committee decided to begin pre-budget consultations with these transfer partners in November so that the views and recommendations of that sector and of the Committee would be known by the Treasurer before he makes the final announcement of the transfers for 1992-93.

After a briefing by the Ministry of Treasury and Economics on the economic outlook and on the fiscal situation with respect to the province's transfer partners, the Committee heard from representatives of each sector. In a departure from previous practice, the delegates from each sector attended the same meeting. Following a short presentation by each group, all witnesses remained at the table and responded to questions by members of the Committee.

The Committee is grateful to all those witnesses who provided it with the benefit of their expertise and advice as well as to staff from the Ministry of Treasury and Economics who made themselves available for further questioning.

## INTRODUCTION

As is well known, the Ontario economy has been suffering through a severe recession, with reduced output and large numbers of people losing their jobs. Declining revenues and increased demand for social assistance has created a climate of exceptional fiscal pressures for the government.

Revenues are expected to decline by 1 %, the first year-over-year forecast decline since 1945, as a result of the recession and changes to the transfer payments from the federal government. There are no expectations of a strong turn around in revenue performance, according to the Ministry of Treasury and Economics. Corporate income tax revenue will remain low as a result of reduced corporate profit levels and loss carry-forward provisions; personal income tax and retail sales tax are expected to show only weak to moderate growth. At the same time, unemployment above 9% will place continued upward pressure on social assistance programs and services.

Currently, the major transfers of \$16.7 billion to municipalities, universities, colleges, schools and hospitals represent more than 31 % of government expenditures. Around three-quarters of these transfers are for wages and salaries. The fiscal year begins in April for hospitals, colleges and universities and in January for school boards and municipalities.

The Committee heard from representatives of each of these sectors, each of whom made a brief presentation and responded to questions on the issue of funding. Several themes emerged during the hearings which were common to most of the sectors. Firstly, they argued that strength in these sectors was a key factor in the future prosperity and quality of life of the province; for example, adequate funding for education at all levels was seen as critical for economic renewal and growth. Secondly, it was difficult to manage in a fiscally responsible way without full control over their expenditures and revenues. Finally, there could be better coordination of government services, particularly the delivery of social and health

services. The particular issues concerning each sector are discussed more fully in the subsequent sections.

## MUNICIPALITIES

About 30% of municipalities' expenditures, almost \$6 billion, comes from the province, according to the Ministry of Treasury and Economics. Provincial funding may be in response to the number of eligible recipients of general welfare assistance and other social programs or as conditional or unconditional grants. The two programs included in the major transfers in 1991 were municipal roads (\$827 million) and unconditional grants (\$947 million). Wages accounted for an average of 50% of the spending on these two programs.

Both the Association of Municipalities of Ontario (AMO) and the Municipal Finance Officers' Association of Ontario (MFOA) expressed understanding of the fiscal constraints facing the Ontario government but also sought recognition of the financial difficulties that municipalities are encountering.

Of particular concern was the issue of control and accountability. A large proportion of the expenditures by municipalities are in response to provincially mandated requirements in the areas of social assistance, waste management and police services. These groups pointed out that the combined cost of the welfare systems and police services generally take up between one-quarter and two-thirds of the tax revenue raised by municipalities. General welfare assistance caseloads have risen by 143% between September 1989 and September 1991, according to AMO, and the MFOA suggested that there would be a further increase of 25-50% in GWA expenditures for next year. Regulatory changes in the area of waste management, in particular municipal source separation programs and mandatory leaf and yard composting, have major cost implications for municipalities. In addition, given the relatively high wage component, provincially mandated programs such as pay equity and the results of negotiated wage agreements strain municipal budgets. It becomes increasingly difficult for municipalities to act in a



fiscally responsible manner if they have no control over a large portion of their costs. They requested that transfers should be made to the municipalities commensurate with their responsibilities. The MFOA would also like the province to show "leadership in establishing responsible wage settlements."

At the same time, the municipalities' financial ability to respond is becoming more complicated and difficult. There is resistance to further property tax increases, certainly of the level required to avoid staff reductions. Both groups believed the property tax to be regressive and an inappropriate way to finance many of the municipalities' expenditures, particularly social assistance. While many municipalities have accrued reserve funds, they are generally insufficient to cover costs on the scale of a new landfill or waste diversion program.

Both AMO and the MFOA urged that the process of disentangling the roles and responsibilities of the municipalities and the province, particularly in cost-sharing arrangements, should proceed as fast as possible. They suggested that municipalities be given authority for police service board budgets, while the province should consider assuming 100% of the financial responsibility for social assistance costs. These concerns should form the first phase of social assistance and municipal finance reform.

AMO also strongly advocated establishing a provincial-municipal agreement on revenue sharing that will help to redress the problem of unpredictability of transfers. Until such an agreement is in place, both groups recommend that there should be an across the board increase in transfer payments to municipalities by an amount at least equal to the rate of inflation. Furthermore, in order to facilitate the municipalities' budgeting process, the province is asked to announce transfer payments as early as possible this year, and by November 15 in subsequent years.

The Association of Municipalities of Ontario concluded with the following statement:

If the Province accepts the municipalities' offer to carry the responsibility and cost of police services; if the Province agrees to assume the full cost of General Welfare Assistance; if the Province exercises control over the magnitude of provincially-determined labour awards; and if the Province considers the impact of new provincial programs on the financial state of local governments, then and only then will municipalities be in a position to demonstrate their abilities as financially responsible governments.

*The Committee's recommendations:*

1. *The province should proceed with reforming and disentangling provincial-municipal financial relations. In particular, two areas need to be addressed urgently:*
  - *social services, especially general welfare assistance; and*
  - *local boards and agencies, such as police services boards, that lack direct political accountability to the electorate.*
2. *Recognizing that it may be some time before the full results of the disentanglement process are implemented, all decisions which have an impact on municipalities and/or provincial-municipal cost-sharing should be linked to the disentanglement process.*
3. *Municipalities should consult with the province to address the growing cost of government, in particular for cost-shared services.*
4. *The province should show leadership in establishing responsible public sector wage settlements.*
5. *The government should take into account that unilaterally cutting municipal transfer payments shifts the tax burden on to the property tax base which is a far more regressive and inferior method of taxation. Property taxes are inappropriate for funding many of the demands on municipalities.*
6. *The announcement of transfer payments should be made as early as possible this year, and by November 15 in subsequent years.*

## UNIVERSITIES

In 1991-92 universities received \$1,944 million from the province in transfer payments. The Ministry of Treasury and Economics advised the Committee that university operating grants provided funding to 19 universities. Provincial funding represents about 80% of university operating budgets with tuition fees contributing to most of the remaining 20%. About 80% is related to salaries and wages. Capital requirements are funded separately.

The importance of a high quality, accessible university system was pointed out by all witnesses as well as the difficulty in attaining such a goal with the current funding levels. The Ontario Confederation of University Faculty Associations (OCUFA) emphasized that a high level of education and skills is vital for economic growth and prosperity and Ontario cannot afford not to fund its universities adequately. Furthermore, social policies such as employment equity are dependent on an educational system that is accessible to all members of Ontario's society. Their views were succinctly expressed in the slogan "If you think education is expensive, try ignorance."

The Council of Ontario Universities (COU) pointed to the increasing number of applications to universities, despite a shrinking cohort of 18-24 year-olds, as evidence of the public's belief in the need and importance of a university education. As Ontario faces an increasingly competitive global economy where success is often based on knowledge, it is critical that Ontario invest in maintaining and enhancing its universities. The Ontario Federation of Students (OFS) reaffirmed its commitment to a high quality, fully accessible post-secondary education system. Consistent underfunding could lead to losses of up to one third of university support staff and declining services such as reduced library acquisitions and outdated lab equipment, according to the Confederation of Ontario University Staff Associations.



The OFS believed that it would take \$130 million (1992 dollars) per year over two years to bring Ontario's per-student funding levels to the Canadian average.

Beyond this, it would require \$613 million to bring operating grants for Ontario universities to their 1978-9 levels. The Committee heard from the COU that universities need an absolute minimum of 7% to cover their rising costs in 1992-93; a lower level of funding will result in reductions in full time enrolment, faculty and staff. The COU also believed that the government may have to consider legislating some period of wage restraint in order to have some control over its wage bill.

There was much debate over the extent to which students should pay for their education. The COU felt that, if grants revenue is insufficient, universities should be able to raise tuition fees to a certain ceiling, subject to some discretion within individual institutions. They also favoured an income contingent repayment plan as the preferred vehicle for students' financing university-level study. Both these approaches were rejected by the OFS and OCUFA who felt they compromised accessibility and would lead to burdensome, life-long debt levels. There was much support, however, for the use of a more progressive income tax system, both personal and corporate, to fund university education.

*The Committee's recommendations:*

7. *The government should reaffirm its commitment to a high quality, fully accessible post-secondary education system. This goal has been difficult to attain as operating grants for post-secondary education have continued to decline relative to GDP growth.*
8. *It is essential that Ontario fund its universities adequately; it cannot afford the economic and social costs associated with an inadequately educated population. Economists write that a high level of education and skills is vital for economic growth and prosperity; education may be the single most important determinant of economic growth in the developed world.*
9. *The government should pursue a multi-year financial plan for Ontario universities.*

10. *The government should pursue fair share taxation and measures such a minimum corporate tax and a speculation tax as ways of addressing underfunding.*

## COLLEGES

Ontario's 23 colleges of applied arts and technology received \$826 million in major transfers from the provincial government in 1991-92, about 75% of which was related to salaries and wages, according to the Ministry of Treasury and Economics. This amount accounts for about three-quarters of the colleges' operating budgets. Capital requirements are funded separately.

The Ontario Council of Regents for Colleges of Applied Arts and Technology, together with the Council of Governors, the Council of Presidents and the Association of Colleges of Applied Arts and Technology, raised some serious questions about the role of government vis-à-vis the college system. Colleges have two streams -- post-secondary and training -- and the demand for both has been rapidly increasing. Young students perceive a community college education as the basic level to be acquired while the current restructuring and large numbers on social assistance place a heavy demand on training facilities. Adults seeking retraining also create pressure on places for young students. It was suggested that colleges could have a significant role to play in meeting the challenge Ontario faces in restructuring and moving towards a high technology, high value-added economy. However, if the government chooses to use colleges as a primary part of their strategy for economic renewal, they would require a significant injection of funds in order to carry out their mandate.

While enrolment has been increasing, funds for colleges have been lagging. Revenues are received from a variety of sources -- the Ministry of Colleges and Universities (55%), Ministry of Skills Development (11%), federal government for apprenticeship and training agreements (11%), tuition fees (9%) and others -- but these revenues are not easily transferrable within the college system. As a



result, resources are strained and some colleges are reluctantly considering a cap in enrolment.

In order to meet current needs, colleges would require an increase in grants of around 8%. However, given the province's fiscal situation, they would more realistically expect to receive an increase in the order of 2%. In addition, colleges would like to have more flexibility to be entrepreneurial and creative in managing their financial affairs.

*The Committee's recommendations:*

11. *The government should consider that colleges have a significant role to play in meeting the challenge of moving towards a high technology, high value-added economy. As the demand for post-secondary education and training increases, particularly during the current period of restructuring, the present funding approach should be re-examined and changed.*
12. *The government should assist in alleviating the funding problems; colleges are seeking the maximum flexibility to be as entrepreneurial and creative as possible, for example in accessing revenue or moving money between different categories.*
13. *The relationship between colleges and the Ontario Training and Adjustment Board should be coordinated with care to avoid fracturing the training culture.*
14. *The government should consider that colleges would need an increase in grants of around eight percent to cover actual costs but are expecting an increase in the range of zero to two percent according to the Ontario Council of Regents.*

## SCHOOLS

The Ministry of Treasury and Economics advised the Committee that the provincial government transferred \$4,839 million in 1991-92 to school boards, approximately 80% of which was for wages and salaries. The province distributes funds for school board operations in the form of General Legislative Grants on the basis of enrolment and taking account of the property tax base. In 1990, the

province contributed around 42% of total school board operating expenditure; if provincial contributions to teachers' pensions and school capital are included, and school board expenditure restricted to that approved by the government, this rate would rise to about 57%. School boards levy property taxes in order to fund the difference between their expenditures and provincial grants.

The educational groups appearing before the Committee echoed the comments made by representatives from universities and colleges, that funding of the education system is vital, not only to maintain the principles of the right to education and equality of educational opportunity, but also to maintain and enhance the province's future prosperity. As the Ontario Teachers' Federation (OTF) stated, a literate, educated workforce is this province's greatest asset and the key to economic regeneration.

The increase in grants to school boards in 1992-93 should at least match the rate of inflation, according to the Ontario Secondary School Teachers' Federation (OSSTF). The Ontario English Catholic Teachers' Association (OECTA) and the Ontario Public School Teachers' Federation (OPSTF) went further, suggesting that the grants should increase by inflation plus one to two percent. The Ontario Public School Trustees' Association (OPSTA) also recommended that flat grants be terminated and the amount included in the grant ceiling. Together with OECTA, they suggested that grant ceilings should be raised in order to promote more equitable access to education dollars. Several groups, such as the Ontario Separate School Trustees' Association (OSSTA), requested that the timing of the General Legislative Grants payments be changed to a more realistic schedule and that the practice of holding back a percentage until the end of the year be eliminated.

Finally, the Ontario Public School Boards' Association (OPSBA) pointed out that school boards cannot assume new responsibilities for provincially mandated programs without new revenue for implementation. In particular, the government was requested to restore the allocation to the pay equity fund and to make these

funds available as soon as possible to address the costs of implementing pay equity. The OPSBA would also welcome some guidelines on public sector wages, though most other groups opposed any form of wage controls.

There was some difference of opinion on the issue of capital support. The OTF suggested that, while there is need for capital improvements and additions, some capital allocations could be delayed during the current budget crisis. The Ontario Public School Teachers' Federation advocated maintaining the current level of capital support, while OPSBA urged consulting on and revising the criteria for capital grant allocations. They also recommended increasing capital grant levels in a variety of ways, such as restoring the level of support to 75% where lot levies are not a realistic funding mechanism, and amending the Capital Grant Plan annually to reflect the current construction price index.

Excellence in education is not only achieved through the education system itself but also by funding social programs adequately. The Ontario English Catholic Teachers' Association believes this to be necessary in order to achieve the goal of a well educated, healthy citizenry. The Federation of Women Teachers' Associations of Ontario (FWTAO) focused on the impact of poverty on children, not only in terms of health but on educational achievement. Poor children who are inadequately nourished, clothed or housed have more difficulty in learning and are less likely to complete school and attain higher education. They recommended provincial funding for a number of programs, such as school meals, increased low-cost housing and health professionals in the schools, as well as coordination and integration of health and social services for children in the community, as ways to help alleviate the effects of child poverty. Over the long term, the government should work towards eliminating poverty and maintain its commitment to job creation, an increased minimum wage and income supplementation for the working poor.

Reform of the taxation system, including education finance, by the Fair Tax Commission was welcomed, though FWTAO argued that financing under the



present system should be maintained at adequate levels while the review is in process. The reform should proceed with a view to shifting funding from property taxes to a more progressive tax base, according to groups such as the OSSTF. The government was urged to ensure that the true cost of education was captured in its financing and that the system be rebuilt to ensure equity of outcomes for all the children in the province. When debating how to finance education needs, the OSSTF suggested that the government consider debenturing by school boards, phasing in a minimum corporate income tax, and eliminating the duplication of services.

The OTF, FWTAO and others stressed the importance of integrating and coordinating health and social services provided for children. A clearer definition of the role and relationship of schools in the delivery of these services would result in greater efficiency. There was also a need for coordination within the education system itself, and some groups suggested that a series of financial incentives would encourage boards to cooperate. A specific example is the integration of busing between school boards; one solution suggested by OECTA was that each municipality should have a commission that would organize busing for all school boards.

*The Committee's recommendations:*

15. *The government should make poor children one of its priorities. Short-term and long-term solutions include:*
  - *The province should push for a substantial increase in low-cost and non-profit housing.*
  - *There should be provincial recognition that child poverty is part of "the feminization of poverty," and government action is required on:*
    - a) *accessible, affordable childcare;*
    - b) *fully enforced pay equity;*
    - c) *mandatory affirmative action; and*
    - d) *better training opportunities for women.*

16. *The government should continue to press the federal government to remove the caps in federal transfers to the provinces, and Ontario should seek the support of the other provinces for this increase.*
17. *There should be greater transparency on the part of the Ministry of Education in explaining its allocation decisions.*
18. *The government should clarify the status of adults in Ontario high schools to show that they are as important for occupancy purposes as are "school age students."*
19. *The Committee recommends that:*
  - *The Ministry of Education should, through consultation, develop allocation criteria and these should be publicized.*
  - *The Ministry of Education through its regional offices should provide a yearly public report which sets out the criteria and rationale for capital funding allocations.*
20. *The reform of the tax system should include developing another approach to education financing that will adequately reflect the true cost of education.*
21. *The Fair Tax Commission should be urged to act with all dispatch to ensure that property tax reform proceeds as quickly as possible, with a view to shifting more of the burden of funding local education to the progressive tax base.*
22. *The Committee would like to stress the importance of coordination and integration of health and social services presently available to poor children, families, communities and schools. The province should consider:*
  - *community-based programs to involve and educate parents and teachers about drugs, child abuse, etc.*
  - *coordination and an increase in special services, such as speech and counselling;*
  - *integration of child care, before and after school latch key, breakfast and lunch programs;*
  - *cooperation between pre-school, elementary, secondary and post-secondary in use of resources and expertise; and*
  - *coordination and sharing of recreational facilities.*
23. *The government should analyze the potential savings from a comprehensive integration of children's services.*

24. *The Committee would raise one suggestion to avoid duplication in busing and it is to have a commission in each municipality that would organize busing for all school boards.*
25. *The Treasurer should implement a series of incentive grants that will encourage boards to cooperate in the utilization of facilities and in the provision of services to the maximum extent possible.*

## HOSPITALS

The costs of health care have been an issue of rising concern over the last few years. In 1991-92 capital and operating expenditures by the Ministry of Health represented 32% of the provincial budget. In the current year, \$7,285 million was transferred to hospitals, according to the Ministry of Treasury and Economics. The province provides operating grants to 225 hospitals which cover approximately 85% of their expenditures; about three-quarters of these payments are related to salaries and wages. In addition, the Ministry of Health generally funds two-thirds of hospitals' capital costs.

The relationship between the government and health care is being altered, with the government changing from an insurance role to stronger management through tighter fiscal controls. There is also the desire to move from institutional to community-based health care. The relationship between physicians and the government has been renegotiated and there is more control of drug expenditures and out-of-province health insurance payments.

There has been much discussion about the need for cooperation and partnership between the government and health care providers in controlling expenditures and remodelling the system. Hospitals, while willing to participate, have expressed frustration at the lack of direction and collaborative planning from the government. The Ontario Hospital Association (OHA) stated:

The difficulty, from the standpoint of the OHA and its hospitals, is that for several years now, we have been in holding pattern. Hospitals are willing, indeed they are



anxious to take an active part in reshaping the system, but clear direction from the government is needed.

According to the OHA, the hospital sector needs an increase of 8.61%, or \$630.7 million, to maintain the current level of hospital services. This does not include collective agreements, representing 60% of staff, that are yet to be negotiated. The Ontario Public Health Association (OPHA), on the other hand, argued that the whole health care system needs to be reconfigured away from medical models based on sickness and towards community health that is based on wellness and sickness prevention. The OPHA advocated reducing overall institutional and drug benefit program costs by 3% in 1992-3, saving \$312.4 million. The reductions should be made in the context of relevant community need and additional money should be spent on programs such as full implementation of mandatory core programs in the Official Health Units, improved and expanded community health centre services and long term care reform. Furthermore, OPHA recommended that tobacco taxes should be increased by 3 cents per cigarette as one component of a strategy to reduce cigarette consumption by teenagers.

The groups all had suggestions of ways in which health care savings might be realized. The Registered Nurses' Association of Ontario (RNAO) suggested that there could be a reallocation of funds away from non-patient care to direct patient care. For example, the purchase of non-patient vehicles and furniture and cosmetic building enhancements could be frozen or deferred. Together with the OHA and the OPHA, the RNAO pointed to eliminating the duplication of services as a key area for improved cost efficiency; district health councils might achieve coordination of services across the health care system through an expanded role. On the subject of user fees, the OHA indicated that there were certain user fees in the system at present. The OPHA were opposed to user fees in principle and pointed out that the use of user fees on a selective basis will result in a two-tier health system. Similarly, the RNAO was adamant that all Ontarians should have access to the appropriate level of care without a user fee but implied there may be some scope to charge user fees for activities beyond that level.

The move from institutional care to community-based care elicited comments from all groups. The OPHA stressed that additional expenditure on hospitals and physicians does not equal health care and that the community health model incorporates a much broader range of health factors such as adequate food and shelter, clean air and water, etc. The RNAO emphasized the need for human resources planning to ensure that patients received the quality health care from caregivers with the appropriate skill and education and in the most realistic setting. Furthermore, the move towards community health will result greater autonomy for the nurses involved and require higher levels of training.

The OHA pointed out that while hospitals would cooperate in this redirection of health care to the community, there remained situations such as 24-hour-a-day care in which hospital care was more cost-effective. Hospitals are a key component of each community and would be prepared to oversee the operation of homecare programs, for example the coordination of admission and discharge of patients. Nevertheless, witnesses agreed that the transition from institutional to community-based health must be managed with care and may be expensive; the system must ensure that community care is in place before institutional care is withdrawn.

*The Committee's recommendations:*

26. *The Committee supports changes to the Public Hospitals Act which are currently under review that would mandate utilization management and strengthen hospital boards in monitoring physician practices.*
27. *The Committee feels that what is required is a contemporary vision of accessible, portable, universal, comprehensive and publicly-administered medical care that is also affordable and that we can work together to create.*
28. *The Committee is supportive of provincial government action to retain and increase federal transfer payments.*
29. *The government's policies for the redirection of long term care and support services need to be clarified.*



30. *The Committee is of the view that there is a need for more direction and collaborative planning, rather than arbitrary directives to stay within budget. Hospitals must be willing to take an active part in reshaping the system.*
31. *The Committee feels that there should be more coordination to avoid duplication of services by various players in the health care system. District health councils have been providing coordination but the number of players involved could be expanded.*
32. *The government should consider that the health care system needs to be reconfigured, away from medical models and towards community and public health.*
33. *The Committee is of the opinion that all Ontarians should have access to the appropriate level of care without a user fee. There may be activities beyond that level which individuals can elect to receive.*
34. *The Ministry of Health should investigate the creation of criteria for the establishment of Boards of Hospitals that will reflect the changing nature of the work force in the hospital and create greater accountability.*
35. *The Ministry of Health should investigate the cost-saving potential of decentralizing the decision making process of the hospitals. (This should include the closer cooperation of Fiscal Advisory Boards and the Boards of Directors of the hospitals).*

## LIST OF RECOMMENDATIONS

1. *The province should proceed with reforming and disentangling provincial-municipal financial relations. In particular, two areas need to be addressed urgently:*
  - *social services, especially general welfare assistance; and*
  - *local boards and agencies, such as police services boards, that lack direct political accountability to the electorate.*
2. *Recognizing that it may be some time before the full results of the disentanglement process are implemented, all decisions which have an impact on municipalities and/or provincial-municipal cost-sharing should be linked to the disentanglement process.*
3. *Municipalities should consult with the province to address the growing cost of government, in particular for cost-shared services.*
4. *The province should show leadership in establishing responsible public sector wage settlements.*
5. *The government should take into account that unilaterally cutting municipal transfer payments shifts the tax burden on to the property tax base which is a far more regressive and inferior method of taxation. Property taxes are inappropriate for funding many of the demands on municipalities.*
6. *The announcement of transfer payments should be made as early as possible this year, and by November 15 in subsequent years.*
7. *The government should reaffirm its commitment to a high quality, fully accessible post-secondary education system. This goal has been difficult to attain as operating grants for post-secondary education have continued to decline relative to GDP growth.*
8. *It is essential that Ontario fund its universities adequately; it cannot afford the economic and social costs associated with an inadequately educated population. Economists write that a high level of education and skills is vital for economic growth and prosperity; education may be the single most important determinant of economic growth in the developed world.*
9. *The government should pursue a multi-year financial plan for its universities.*
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11. *The government should consider that colleges have a significant role to play in meeting the challenge of moving towards a high technology, high value-added economy. As the demand for post-secondary education and training increases, particularly during the current period of restructuring, the present funding approach should be re-examined and changed.*
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13. *The relationship between colleges and the Ontario Training and Adjustment Board should be coordinated with care to avoid fracturing the training culture.*
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    - a) *accessible, affordable childcare;*
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18. *The government should clarify the status of adults in Ontario high schools to show that they are as important for occupancy purposes as are "school age students."*

19. *The Committee recommends that:*

- *The Ministry of Education should, through consultation, develop allocation criteria and these should be publicized.*
- *The Ministry of Education through its regional offices should provide a yearly public report which sets out the criteria and rationale for capital funding allocations.*

20. *The reform of the tax system should include developing another approach to education financing that will adequately reflect the true cost of education.*

21. *The Fair Tax Commission should be urged to act with all dispatch to ensure that property tax reform proceeds as quickly as possible, with a view to shifting more of the burden of funding local education to the progressive tax base.*

22. *The Committee would like to stress the importance of coordination and integration of health and social services presently available to poor children, families, communities and schools. The province should consider:*

- *community-based programs to involve and educate parents and teachers about drugs, child abuse, etc.*
- *coordination and an increase in special services, such as speech and counselling;*
- *integration of child care, before and after school latch key, breakfast and lunch programs;*
- *cooperation between pre-school, elementary, secondary and post-secondary in use of resources and expertise; and*
- *coordination and sharing of recreational facilities.*

23. *The government should analyze the potential savings from a comprehensive integration of children's services.*

24. *The Committee would raise one suggestion to avoid duplication in busing: to have a commission in each municipality that would organize busing for all school boards.*

25. *The Treasurer should implement a series of incentive grants that will encourage boards to cooperate in the utilization of facilities and in the provision of services to the maximum extent possible.*



26. *The Committee supports changes to the Public Hospitals Act which are currently under review, that would mandate utilization management and strengthen hospital boards in monitoring physician practices.*
27. *The Committee feels that what is required is a contemporary vision of accessible, portable, universal, comprehensive and publicly-administered medical care that is also affordable and that we can work together to create.*
28. *The Committee is supportive of provincial government action to retain and increase federal transfer payments.*
29. *The government's policies for the redirection of long term care and support services need to be clarified.*
30. *The Committee is of the view that there is a need for more direction and collaborative planning, rather than arbitrary directives to stay within budget. Hospitals must be willing to take an active part in reshaping the system.*
31. *The Committee feels that there should be more coordination to avoid duplication of services by various players in the health care system. District health councils have been providing coordination but the number of players involved could be expanded.*
32. *The government should consider that the health care system needs to be reconfigured, away from medical models and towards community and public health.*
33. *The Committee is of the opinion that all Ontarians should have access to the appropriate level of care without a user fee. There may be activities beyond that level which individuals can elect to receive.*
34. *The Ministry of Health should investigate the creation of criteria for the establishment of Boards of Hospitals that will reflect the changing nature of the work force in the hospital and create greater accountability.*
35. *The Ministry of Health should investigate the cost-saving potential of decentralizing the decision making process of the hospitals. (This should include the closer cooperation of Fiscal Advisory Boards and the Boards of Directors of the hospitals).*



## APPENDIX A

Dissenting Opinion - Liberal Caucus





## LIBERAL CAUCUS SUBMISSION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS -- INTERIM REPORT ON THE MUSH SECTOR

The Treasurer's presentation, on December 19, 1991 to the Standing Committee on Finance and Economic Affairs, was significant for its juxtaposition of two elements critical to the stability of the MUSH sector. The Treasurer:

1. confirmed that the province's municipalities, hospitals, universities and school boards would have to wait until the new year -- a potential delay of six to eight weeks -- for an indication from the government regarding the level of financial support to be transferred in the 1992 fiscal year and beyond; and,
2. indicated that a basic restructuring of the MUSH sector, its programs and its priorities is essential to managing the "historically high" deficit.

The Liberal Caucus regrets the delayed MUSH announcement most particularly for the way in which it hinders the efforts of the government's funding partners (municipalities, hospitals, universities and school boards) in planning and budgeting for the upcoming year.

More important is the Treasurer's public declarations that the MUSH transfers will be "very lean", particularly when considered in light of the basic sectoral restructuring that he feels is necessary to manage the government's fiscal crisis. If the transfer payment allocations are significantly lowered, the government has a responsibility to provide standards and guidelines for municipalities, universities, school boards and hospitals which will enable them to respond to provincial fiscal downloading and accompanying program cuts in a way consistent with government priorities. In short, if transfer agencies are to be required to cut their budgets, the province has an obligation to tell them what to cut.



## APPENDIX B

### List of Witnesses



## **APPENDIX B**

### **LIST OF WITNESSES**

#### **From the Ministry of Treasury and Economics**

Bryan Davies, Deputy Minister

Phyllis Clark, Assistant Deputy Minister and Chief Economist, Office of Economic Policy

Tony Salerno, Director, Fiscal Planning Policy Branch

Alan Puttee, Director, Intergovernmental Finance Policy

Steve Dorey, Assistant Director, Macroeconomic Analysis and Policy

#### **From the Ontario Confederation of University Faculty Associations**

Bill Graham, President.

#### **From the Ontario Federation of Students**

Asha Bhat, Director of Communications

Yves LaCroix, Treasurer

#### **From the Council of Ontario Universities**

Peter George, President

Brian Seagal, Chair of the Board and President of the University of Guelph

#### **From the Confederation of Ontario University Staff Associations**

Barbara Johns, President

#### **From the Association of Municipalities of Ontario**

Helen Cooper, President and Mayor of Kingston.

#### **From the Municipal Finance Officers Association**

Jo Rinaldo, Commissioner of Finance and Treasurer, Halton Region

Mike Trojan, Director of Finance and Treasurer, Niagara Region

**From the Ontario Teachers Federation**

Ron Poste, President

**From the Ontario Public School Teachers Federation**

Gene Lewis, President

**From the Ontario Secondary School Teachers Federation**

Liz Barkley, President

Larry French, Legislative Researcher

**From the Ontario English Catholic Teachers Association**

Michael Coté, President

**From the Federation of Women Teachers' Associations of Ontario**

Margaret Dempsey, President

**From the Ontario Public Health Association**

Ruth O'Donnell, President

Audrey Danaher, Chair, Public Policy and Resolution Committee

Peter Elson, Executive Director

**From the Ontario Hospital Association**

Dennis Timbrell, President

Brian MacFarlane, Chairman-elect

**From the Registered Nurses Association of Ontario**

Joan Edwards, Chairperson, Finance Committee

### **From the Ontario Public School Boards Association**

Paula Dunning, President  
Gayle Neiberg, Trustee and Vice-President  
Karen Redman, Trustee and Vice-President  
Penny Moss, Executive Director  
Ron Sutz, Superintendent, Northumberland/Newcastle  
Beverly Allen, Director of Legislation

### **From the Ontario Separate School Trustees Association**

Betty Mosely-Williams, President  
Jim Sherlock, Past-President

### **From the Colleges of Applied Arts and Technology**

Richard Johnston, Chairman, Council of Regents  
Keith McIntyre, Chairman, Council of Presidents  
Peter Milner, Member, Council of Governors





## APPENDIX C

### List of Exhibits



# STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

## 1992 PRE-BUDGET CONSULTATIONS

### EXHIBITS

EXHIBIT NO. 1/04/001	MINISTRY OF TREASURY AND ECONOMICS: Presentation entitled "Part I: Ontario's Economic Outlook: 1991-1992 and Medium Term".
EXHIBIT NO. 1/04/002	MINISTRY OF TREASURY AND ECONOMICS: Presentation entitled "Part II: Fiscal Environment and Overview of Major Transfers".
EXHIBIT NO. 1/04/003	ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS: Submission regarding Pre-Budget Consultations.
EXHIBIT NO. 1/04/004	ONTARIO FEDERATION OF STUDENTS: Submission regarding Pre-Budget Consultations.
EXHIBIT NO. 1/04/005	COUNCIL OF ONTARIO UNIVERSITIES: Brief regarding Pre-Budget Consultations.
EXHIBIT NO. 1/04/006	ASSOCIATION OF MUNICIPALITIES OF ONTARIO: 1992 Pre-Budget Consultation Brief.
EXHIBIT NO. 1/04/007	MUNICIPAL FINANCE OFFICERS' ASSOCIATION OF ONTARIO: Pre-Budget Submission.
EXHIBIT NO. 1/04/008	ONTARIO TEACHERS' FEDERATION: Submission on the 1992 Ontario Budget.
EXHIBIT NO. 1/04/009	ONTARIO PUBLIC SCHOOL TEACHERS' FEDERATION: Submission with respect to the 1992 Budget.
EXHIBIT NO. 1/04/010	ONTARIO SECONDARY SCHOOL

EXHIBIT NO. 1/04/011

TEACHERS' FEDERATION: Submission on the Pre-Budget Consultation Process entitled "Meeting the Challenge in Educational Funding in Tough Times".

EXHIBIT NO. 1/04/012

ONTARIO ENGLISH CATHOLIC TEACHERS ASSOCIATION; Brief on the 1992 Ontario Budget.

EXHIBIT NO. 1/04/013

FEDERATION OF WOMEN TEACHERS' ASSOCIATIONS OF ONTARIO: Statement for the 1992 Pre-Budget Consultation.

EXHIBIT NO. 1/04/014

ONTARIO PUBLIC HEALTH ASSOCIATION: 1992/93 Budget Brief.

EXHIBIT NO. 1/04/015

ONTARIO HOSPITAL ASSOCIATION: Presentation regarding Pre-Budget Consultations.

EXHIBIT NO. 1/04/016

REGISTERED NURSES' ASSOCIATION OF ONTARIO: Submission on Pre-Budget Consultation Hearings.

EXHIBIT NO. 1/04/017

ONTARIO SEPARATE SCHOOL TRUSTEES' ASSOCIATION: Brief regarding Pre-Budget Consultations.

EXHIBIT NO. 1/04/018

ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION: Presentation entitled "Funding Our Education System in the 1990's".

EXHIBIT NO. 1/04/019

ASSOCIATION OF COLLEGES OF APPLIED ARTS AND TECHNOLOGY OF ONTARIO: Presentation regarding Pre-Budget Consultations.

LEGISLATIVE RESEARCH SERVICE: Summary of Recommendations Pre-Budget Consultations 1992: Transfer Partners (Municipalities, Universities, Colleges Schools and Hospitals).







# Standing Committee on Finance and Economic Affairs

Interim Report  
Pre-Budget Consultation 1992

Principal Transfer Recipients:  
**Municipalities**  
**Universities/Colleges**  
**Schools**  
**Hospitals**



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